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EXAMINER

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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/488,107
Filing Date: January 20, 2000
Appellant(s): FRISS ET AL.

R. Lewis Gable
For Appellant
For Appellant

EXAMINER'S ANSWER

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is incorrect. A correct statement of the status of the claims is as follows:

Claim 70 is has been allowed.

Claims 108, 109, 54 and 55 have been indicated as being allowable if written in independent form

Claims 34-38, 41, 43-52, 56-57, 62-76, 59-61, 77-107, 110-141 have been appealed.

Claims stand objected as not being presented in numerical sequence and with the appropriate status indicator.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

1. Claim 72, 41, 43-45, 47, 48, 50-52 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claim 72 recites the limitation "the number of ordered collectibles" in line 2-3. There is insufficient antecedent basis for this limitation in the claim.
2. Claims 102, 103, 49-51, 56, 57 are rejected under 35 U.S.C. 102(b) as being anticipated by Woolston.
3. Claims 34-38, 41, 44, 45, 47, 48, 59-61, 71-84, 86-101, 110-114, 131-141 are rejected under 35 U.S.C. 103(a) as being unpatentable over Woolston (US 6,266,651) and further in view of Bezos et al. (US Pat. 6,606,608) (Bezos). and
4. Claims 52, 62-68, 69, 104-107 and 115-130 rejected under 35 U.S.C. 103(a) as being unpatentable over Woolston (US 6,266,651).

The Full text of the rejected claims is reproduced from the final rejection is reproduced below.

Claim Rejections - 35 USC § 112

Claim 72, 41, 43-45, 47, 48, 50-52 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claim 72 recites the limitation "the number of ordered collectibles" in line 2-3. There is insufficient antecedent basis for this limitation in the claim.

Claims 41, 43-45, 47 and 48 depend upon claim 72 and therefore contain same deficiency as claim 72.

Claim 84 recites the limitation "the number collectibles to be allocated". There is insufficient antecedent basis for this limitation in the claim. (Note: claim 81 defines the "number collectibles to be offered" and claim 82 defines the number of collectible ordered. None of which refer to the limitation of claim 84.)

Dependent claim 85 inherits same deficiency.

Claim 50 recites the limitation "the allocated collectibles". There is insufficient antecedent basis for this limitation in the claim.

Dependent claim 51 and 52 also inherit same deficiency.

claim 56 recites limitation "the purchaser's allocated collectible(s). There is insufficient antecedent basis for this limitation in the claim.

Dependent claim 57 also inherits same deficiency.

Claim Rejections - 35 USC § 102

Claims **102, 103, 49-51, 56, 57** : are rejected under 35 U.S.C. 102(b) as being anticipated by Woolston.

Claim 102: Woolston teaches a method of facilitating an issuer of collectibles to manage ..the sale of collectibles of a predetermined condition (“computerized market”, abstract), said method comprising steps of:

a) offering for sale the collectibles (per Woolston, offering of collectibles is communicated by a consignment node to plurality of participants (customers and collectors)col. 2 electronic markets for collectible goods see col. 2 L27-57);

b) allocating selected of the offered collectibles to selected of a potential purchasers;

(noting that allocating of collectibles is inherent because a consignment node offers the collectibles (such as antique pens) see col. 2 L 27-57, in an established electronic market for the collectibles to a plurality of participants (customers and collectors))

c) creating for each of the selected purchasers a record (refer to section “the Sale” at col. 4+);

d) implementing each of steps a)-c) by a programmed computer (see Figures 1-3 which depict implementation of the method).

e) maintaining condition of the collectibles .. (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the collectible nodes or the owner of the collectibles, therefore this step is inherent in Woolston reference(see col. 2 L 44-46) furthermore, specifying the condition of the collectible (col. 3 L 61-66 “condition of the

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card” etc.) in which the collectibles are offered inherently requires maintaining the condition while the collectibles are offered for sale.).

Claim 103: storing the predetermined condition of the collectibles.. (Fig. 13, section 956 “condition”, col. 3 L 61-66, condition of the card).

Claim 49: Woolston teaches a method of operating a server (computer 10, Fig. 1) to receive over a network at least one order for collectibles from at least one of a plurality of potential purchasers, said server being programmed to implement said method comprising the steps of.

- a) providing at the server a purchaser history database (purchase records, col. 7 L 12-21);
- b) offering for sale an initial placement of a predetermined number of collectibles (col. 2 L 36-40, ..establish the dominant market for collectible antique pens.., since the consignment node establish a market, inherently it must offer for sale initial offering of the antique pens and since the pens are antique they are of a predetermined number known to the operator of the consignment node, refer also to col. 2 L 49-57) ;
- c) receiving from one of the potential purchasers at least one order for a selected number of collectibles (col. 3 L 25-30, the purchaser order, inherently includes desired number of goods, for example the purchaser may wish to purchase one or more antique pens from the consignment node)
- d) creating in response to the received one order an account in the purchaser history database for its potential purchaser, each account including a record of the purchasing activity of its potential purchaser (sold database 816, and shipped database 820 recited at col. 19 L 36-46).

Claim 50. making a secondary offering for sale at the direction of (the) at least one purchaser (col. 3 L 25-30 ..post a new participant defined offer.., see also col. 12 L 59-66, post a new offer and may identify that the good is on the market).

Claim 51. receiving orders from at least one purchaser during said second offering for sale on said secondary market (col. 3 L 25-30, allow a participant to electronically purchase goods from a consignment node).

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Claims 56. updating record of the purchaser ..data indicative of the of the purchaser's allocated collectibles (refer to Fig. 12 "sold" and "fore sale" database and Col. 14 L 57-63).

Claim 57. receiving bids form purchasers during said secondary offering- determining winning bids (refer to discussion of auction as discussed in Col. 5 L 46 - end of Col. 6).

Claim Rejections - 35 USC § 103

1. (Note: unless otherwise specified, in the analysis of claim limitations the citation of the reference indicated in small brackets following the claim limitation, pertains to the Primary Reference)
2. **Claims 34-38, 41, 44, 45, 47, 48, 59-61, 71-84, 86-101, 110-114, 131-141** are rejected under 35 U.S.C. 103(a) as being unpatentable over Woolston (US 6,266,651) and further in view of Bezos et al. (US Pat. 6,606,608) (Bezos).

Claim 71: Woolston teaches a method of facilitating an issuer of collectibles for sale, each collectibles having a predetermined condition ("computerized market", abstract), said method comprising steps of:

a) offering for sale the collectibles to potential purchasers for a period of time (refer to col. 2 L 36-40, "market maker for a particular class of goods", and "establish the dominant market for collectible antique pens")

b) receiving orders from the ordering purchasers (..col. 5 and 6, receiving bids from the ordering purchasers).

d) facilitating steps a)-c) by a programmed computer (see Figures 1-3 which depict computer implementation of the method).

e) maintaining condition of the collectibles .. (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the collectible nodes or the owner of the collectibles, therefore this step is inherent in Woolston reference(see col. 2 L 44-46) furthermore, specifying the condition of the collectible (col. 3 L 61-66 "condition of the

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card” etc.) in which the collectibles are offered inherently requires maintaining the condition while the collectibles are offered for sale.)

Woolston fails to teach explicitly that the offering is initial offering and the issuer sets the period of time.

However these differences are only found in the nonfunctional descriptive material “initially” and “set by the issuer” (“offering for sale the collectibles to potential purchasers for a period of time” is not dependent on whether the offering is first time (“initially”) and who sets the auction time. In this regard the terms and “initially” and “set by the issuer” are treated as non-functional limitations since they are not functionally involved in the steps recited. The offering, receiving and allocating steps would be performed the same regardless of the data. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to carryout initial offering for sale collectibles to potential purchasers for a period of time set by the issue because such data (the terms “initially” and “set by the issuer”) do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

While Woolston teaches offering for sale collectibles to potential purchasers for a period of time set by the issuer (the consignment node user who first time offers the collectible prior to resale), he fails to explicitly disclose allocating the offered collectibles among the selected of the potential purchasers.

Bezos in the same field of endeavor teaches a method of facilitating offering of collectibles for sale (see Figure 1 and 2). Bezos teaches allocating the offered collectibles (see col. 2 L 16, example of Dutch auction wherein 10 gold wrist watches are allocated to the bidders who placed 10 highest bids).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Woolston in view of Bezos to incorporate the allocation step as discussed above because, this modification would permit offering of a plurality of collectibles to a plurality of potential purchasers such that the available quantity of the collectibles is distributed among the potential purchasers (bidders) such that maximum economic gain is realized by the issuer of the collectibles.

Claim 72. refer to discussion of allocation step presented in claim 71 analysis in view of Woolston in combination with Bezos.

Claim 34. wherein step b) offers an initial offering of collectibles, and there is further included the step of offering for sale selected of the allocated collectibles on a secondary market at the direction of the purchasers of the allocated collectibles (col. 6 L 41-44, noting that the successful purchaser may offer the purchased goods (allocated collectibles) to other purchasers, this is secondary market).

Claim 35. Wherein the collectibles comprise trading cards (collectibles include trading cards).

Claims 36-38. wherein said offering of step b) is carried out for a first selected, predetermined period of time, said secondary market is carried out for a second selected period of time, said second period of time is greater than said first period of time (the first and second predetermined period of time may be set by the operators of the consignment node (administrators) per their choice, see col. 6 L 35-37, “predetermined amount of time”)).

Claims 39-40 and 42 *have been canceled.*

Claim 44 and 45. wherein there is further included the step of providing lots of the collectibles for offering for sale (the term “lots” is treated as “a plurality” and therefore it is asserted that this limitation does not patentably distinguish the claimed invention over the prior art as analyzed in the independent claim, therefore, analysis of claim 71 is applicable to these claims (refer also to Woolston, providing collectibles of different kinds at col. 2 L 36-40 as “particular class of goods”).

Claim 47 and 48. wherein there is further included the steps of providing a purchaser history database for keeping a record of each purchaser that has placed an order in the course of said initial offering of the collectibles for sale, and updating data indicative of each collectible held in escrow in that record of the purchaser holding the escrowed collectible (see Woolston, col. 5 L 18-45, col. 6 L 45-51, refer to features of the data records).

Claim 73. Woolston teaches a server (Figure 1, computer 10) designed to support an initial offering by an issuer of collectibles of a limited number of the collectibles via a plurality of remote terminals, each remote terminal operable by a potential purchaser (participant terminals 28) to transmit over a network to said server at least one order for the purchase of collectibles being offered for sale (electronic markets for collectibles, col. 2 L 32-36), said server having a memory and being programmed to:

a) store in said memory an indication of the predetermined condition of each of, the price of each of and the limited number of the collectibles (data record for the good for sale (col. 9 L 65- col. 10 L 2) include information on a good or collectible which inherently include condition of a collectible, since condition of a collectible is essential to a potential purchaser, refer to col. 3 L 57- col. 4 L 10, “condition of the card” that Woolston’s data record comprises a plurality of collectibles);

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b) transmit to the plurality of remote terminals at least one offer for sale of the limited number of collectibles, the one offer having an indication of the predetermined condition of the one collectible, whereby at least first and second potential purchasers are enabled to actuate its remote terminal to transmit at least first and second orders for the one collectible to said server (data record for the good, include "condition" of the collectible (see col. 3 L 61- col. 4 L 2) potential purchasers are participants 28, col. 13 L 45-57, refer also to analysis of claim 71 step a)); and

step c) process the transmitted first and second orders to allocate at least one of the limited number of collectibles among selected of the first and second potential purchasers and create a record in said memory for the successful purchaser (col. 19, database server 806 .. structured to for-sale database 814 and sold database 816), Woolston teaches a process to allocate at least one of the limited number of collectibles among selected of the first and second potential purchasers as a part of this process step (col. 6 L 27-41) refer to allocation of at least one collectible to the highest bidders).

Woolston fails to explicitly disclose that the offering is initial offering by an issuer of collectibles of limited number of the collectibles and that each collectible offered for sale has uncirculated condition.

However these differences are only found in the nonfunctional descriptive material (the terms "limited number", "uncirculated condition") which is treated as non-functional limitations since they are not functionally involved in the steps recited. The storing, transmitting and processing functions recited in limitations a), b) and c) do not depend on type of offering or the nature of the condition of the collectible. The functions performed by the server would be performed the same regardless of these non-functional data. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381,

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1385, 217 USPQ 401, 404 (Fed. Cir. 1983), In re Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill to have the server designed to support any type of offering of collectibles of any condition because such data (the terms “initially” and “set by the issuer”) do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

While Woolston teaches the server designed to support an initial offering by an issuer of a limited number of collectibles each having an uncirculated condition as explained above, he fails to explicitly disclose the processing of the orders to allocate at least one of the limited number of collectibles among the selected of the first and the second of the potential purchasers.

Bezos in the same field of endeavor teaches a server for facilitating offering of collectibles for sale (see Figure 1 and 2). Bezos teaches the server as incorporating allocating the offered collectibles (see col. 2 L 16, example of Dutch auction wherein 10 gold wrist watches are allocated to the bidders who placed 10 highest bids).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the server of Woolston in view of Bezos to incorporate the allocation step as discussed above because, this modification would permit offering of a plurality of collectibles to a plurality of potential purchasers such that the available quantity of the collectibles is distributed among the potential purchasers such that maximum economic gain is realized by the issuer of the collectibles.

Claims 74-76. wherein the collectibles comprise trading cards; ..in mint condition; uncalculated trading cards (Woolston collectibles, col. 2 L 30-35 “Collectible goods”).

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Claims 59 and 60. wherein said server is programmed to respond to each order received from one of the purchasers to update said record of the one purchaser(inherent to sold database 816, shipped database 820 col. 19 L 36-46), refer to analysis provided in paper 9 for these claims).

Claim 61. wherein said server is programmed to respond to messages ..to place in escrow selected of their collectibles that were allocated ..by updating records ..of purchasers (see Woolston, col. 5 L 18-45, col. 6 L 45-51, refer to features of the data records). Note that the phrase “to place in escrow selected of the ..initial placement” is recited as intended function and not given patentable weight.

Claim 77. Woolston teaches a method for sale of collectibles of a predetermined condition on a primary market and on a secondary market, said method comprising the steps of.

a) offering for sale to one or more prospective purchasers an initial placement of one or more selected collectibles on the primary market (as disclosed in col. 5 and 6 in auction mode a pawn shop operator offers to potential purchasers one or more Rolex watches in an auction for a predetermined time set by the operator, this offering constitute a primary market where the pawn shop operator offers the collectible watches in an initial placement);

b) receiving orders from prospective purchasers on selected of the collectibles (col. 5 and 6, receiving bids from the ordering purchasers, and col. 6 L 27-37 consignment node mode electronically scans..the participant for bids and accepts highest bid.. the consignment node repeats this process until no higher bid is received, this recitation clearly teaches that the offered collectibles are allocated to highest bidders in order the bids are received)

c) offering for sale at the direction of the one successful purchaser selected of the allocated collectibles on a secondary market (col. 6 L 25-41 “post a new participant defined offer”); and

d) maintaining the predetermined condition of the collectibles during steps a), b) and c), whereby the allocated collectibles are of the predetermined condition (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the collectible nodes or the owner of the collectibles, therefore this step is inherent in Woolston reference(see col. 2 L 44-46) furthermore, specifying the condition of the collectible (col. 3 L 61-66 “condition of the card” etc.) in which the collectibles are offered inherently requires maintaining the condition while the collectibles are offered for sale.);

and

e) facilitating steps a)-c) by a programmed computer (see Figures 1-3 which depict implementation of the method).

Woolston fails to explicitly disclose that the offering for sale in an initial placement of one or more collectibles.

However these differences are only found in the nonfunctional descriptive material (the offering being “an initial placement”) which is treated as non-functional limitations since this limitation not functionally involved in the steps recited. The offering, receiving, maintaining and facilitating steps recited in limitations a) through e) do not depend on whether the offering is an initial placement or not. These functions a) through e) would be performed the same regardless of the data. Thus, this descriptive material (initial placement) will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill to have offering for sale carried out in an initial placement for more or more collectibles using Woolston because such data (the term such as initial placement) do not functionally

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relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

While Woolston teaches a method for sale of collectibles of a predetermined condition as explained above, he fails to explicitly disclose the step of allocating as per claim 77.

Bezos in the same field of endeavor teaches a method for facilitating offering of collectibles for sale (see Figure 1 and 2). Bezos teaches the server as incorporating allocating the offered collectibles (see col. 2 L 16, example of Dutch auction wherein 10 gold wrist watches are allocated to the bidders who placed 10 highest bids).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Woolston in view of Bezos to incorporate the allocation step as discussed above because, this modification would permit offering of a plurality of collectibles to a plurality of potential purchasers such that the available quantity of the collectibles is distributed among the potential purchasers such that maximum economic gain is realized by the issuer of the collectibles.

Claim 78. Woolston explicitly teaches limiting the number of collectibles of one kind to be offered for sale on the primary market. (see col. 5 L 25-33 “many Frank Robinson cards available”, “buying and selling the collectibles” and “will establish Frank Robinson card”, alternatively also refer to col. 5 and 6, the pawn shop operator ..may have several Rolex watches he wishes to auction).

Claim 79. wherein the collectibles comprise trading cards (refer to claim 78 analysis).

Claim 80. said offering for sale on the primary market is carried out for a selected, predetermined period of time (see col. 6 L 34+ “predetermined amount of time”).

Claim 81 and 82. predetermining said number of collectibles to be offered for sale on the primary market before said step a) of offering for sale on said primary market

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begins (col. 5 and 6, the pawn shop operator ..may have several Rolex watches he wishes to auction).

Claim 83 and 84. the step of allocating further compares said number of collectibles with said predetermined number of collectibles and ..reduces the number of collectibles to be allocated in accordance with a predefined algorithm (see Bezos, “Dutch Auction”).

Claims 86-87. wherein there is further included the step of providing lots of the collectibles for offering for sale on the primary market (lots of collectibles is not patentably distinguishable and is inherently covered by Woolston, as an example the col. 5 recites “consignment node may have many Robinson cards”).

Claim 88. there is further provided the step of enabling the one successful purchaser of collectibles on the primary market to elect to have an offering for sale or to facilitate an administrator to hold its purchased collectibles in escrow (col. 5 L 18-25 and col. 12 L 59-66, “it is understood that the purchasing participant may elect to leave the good at the consignment node or post a new offer..”).

Claim 89. wherein the administrator holds the purchased collectibles of the successful purchasers in a benign environment (col. 17 L 66 – col. 18 L 5, “ship the good to a long term storage facility”).

Claim 90. wherein the one successful purchaser elects to offer for sale its purchased collectibles on the secondary market(col. 5 L 18-25 and col. 12 L 59-66, it is understood that the purchasing participant may elect to leave the good at the consignment node or post a new offer..).

Claim 91. wherein the enabling step enables the one successful purchaser to request the administrator to deliver the purchased collectibles to the corresponding one successful purchaser (Fig. 7 block 414, “shipping”).

Claim 92. there is further included the steps of providing a purchaser history database for keeping a record of each purchaser that has placed an order in the course of said offering for sale on said primary market, and updating data indicative of each collectible and held in escrow in that record of the purchaser holding the escrowed collectible (refer to col. 14 L 57-63, “sold database” and “account database” in view of “bailee relationship” discussed at col. 17 L 55- end).

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Claim 93. purchaser's orders received in step b) includes a number of the collectibles wanted by the purchaser (refer to Bezos col. 2 L 22-35 "Dutch Auction"). For combination with Woolston please refer to independent claim 77.

Claim 94. there is further included the step of predefining the number of collectibles before carrying out said step of offering for sale on the primary market ((refer to Bezos col. 2 L 22-35 "Dutch Auction"). For combination with Woolston please refer to independent claim 77.

Claim 95. there is further included the step of providing a purchaser history database for keeping a record for each purchaser that has placed an order in the course of said offering for sale on the primary market, and updating for each order data indicative of said number of collectibles in that record of the purchaser placing that order (col. 14 L 57-63, database of goods for sale).

Claim 96. Woolston teaches a method of facilitating an issuer of collectibles to manage an initial offering for the sale of a limited number of the collectibles of a predetermined condition, said method implemented by a computer programmed to effect the steps of:

a) storing in a memory the determined condition of and the limited number of the collectibles (col. 5 and 6, limited number of Rolex watches are auctioned by a pawnshop operator of a consignment node, the watch records include condition because the condition of the Rolex watches (subjective information such as condition) is stored in consignment node database, see col. 3 L 61+);

b) communicating to potential purchasers a message offering to sell the collectibles and specifying the determined condition and the limited number of collectibles offered for sale (since the pawnshop operator of a consignment node auctions several Rolex watches, he advertises this information including items being auctioned to prospective per col. 6 L 3-6)

c) receiving orders from the ordering potential purchasers(col. 6 L 21+ refer to bids received from the participants.);

While Woolston teaches a method of facilitating an issuer of collectibles (any participant may be an issuer to manage an initial offering for the sale of a limited number of the collectibles of a predetermined condition, he fails to explicitly disclose that the communicated message pertains to selling a plurality of collectibles and that the message having the limited number of the collectibles, and allocating the offered collectibles among the selected of the potential purchasers.

Bezos in the same field of endeavor teaches a method of facilitating offering of collectibles for sale wherein a message including the limited number of collectibles, the condition of the collectibles is communicated to potential purchasers. Bezos, further teaches allocating the offered collectibles among selected of the ordering potential customers (see Figure 1 and 2). Bezos teaches allocating the offered collectibles (see col. 2 L 16, example of Dutch auction wherein 10 gold wrist watches are allocated to the bidders who placed 10 highest bids).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Woolston in view of Bezos to incorporate the message specifying the limited number of the collectibles and the allocation step as discussed above because, this modification would permit offering of a plurality of collectibles to a plurality of potential purchasers such that the information on available quantity and other pertinent information of the collectibles communicated to the potential purchasers and further distributed among the potential purchasers (bidders) such that maximum economic gain is realized by the issuer of the collectibles.

Claims 97 and 98. wherein there is further included the step of creating a record in the memory for each successful purchaser to which collectibles were allocated..., storing the determined condition of the collectibles (sold database col. 14 L 57-63).

Claims 99-101. collectibles comprise trading cards (trading cards broadly treated as collectibles).

Claims 110. Woolston teaches a server for facilitating an issuer of collectibles to manage an offering of the collectibles of a determined condition for sale, said server having a memory and being programmed to:

(REFER TO Fig. 1, computer 10, network, participant terminal 28)

a) store the determined condition of the collectibles that are offered for sale (Fig. 13, section 956 "condition", col. 3 L 61-66, condition of the card);

b) transmit over a network from the server to selected of a plurality of potential purchaser stations an initial offering for a predetermined time of a limited number of the collectibles for sale and bearing an indication of the condition of the collectibles (col. 5 L 65+ identifies the Rolex watches as a collectible, to prospective participants for a predetermined amount of time, col. 6, see auction process);

Woolston fails to teach explicitly that the offering of the collectibles is initial offering of collectibles of a determined condition.

However these differences are only found in the nonfunctional descriptive material "initial offering" and "determined condition". None of the steps performed by the program on the server depend upon whether the offering is an initial offering or collectibles have "determined" condition or otherwise. In this regard the terms and "initial offering" and "determined" are treated as non-functional limitations since they are not functionally involved in the steps recited. The storing, transmitting, allocating and creating steps would be performed the same regardless of the data. Thus, this

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descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to carryout initial offering for sale collectibles of a predetermined condition for sale using the server disclosed in Woolston because such data (the terms “initial offering” and “determined condition”) do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

While Woolston teaches a server for facilitating an issuer of collectibles to manage an initial offering of the collectibles of a determined condition for sale, he fails to explicitly disclose that the server also performs the allocating the offered collectibles among the selected of the responding purchasers.

Bezos in the same field of endeavor teaches a method of facilitating offering of collectibles for sale. Bezos teaches allocating collectibles to responding purchasers in response to the purchasers receiving an initial offering of the collectibles offered for limited time (see Figure 1 and 2). Bezos teaches allocating the offered collectibles (see col. 2 L 16, example of Dutch auction wherein 10 gold wrist watches are allocated to the bidders who placed 10 highest bids).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Woolston in view of Bezos to incorporate the allocation step as discussed above because, this modification would permit offering of a plurality of collectibles to a plurality of potential purchasers such that the available quantity of the collectibles is distributed among the potential purchasers (bidders) such that maximum economic gain is realized by the issuer of the collectibles.

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Claim 111. wherein the server is further programmed to facilitate an administrator to maintain at least the limited number of collectibles in the determined condition during the offering for sale of the collectibles, and the message comprises a guarantee made by the administrator that the limited number of collectibles initially offered for sale are of the determined condition indicated by the message (col. 6 “may elect direct delivery of the goods”, the administrator is the pawn shop owner).

Claim 112. wherein the server is further programmed to store the number of the collectibles allocated to a selected purchaser into the record of that purchaser (refer to Fig. 12 Sold and Shipped database server).

Claim 113. wherein the server is programmed to receive and process commands from the selected purchasers to which at least one collectible was allocated to place its allocated one collectible for sale to other potential purchasers (col. 12 L 59-66, re-post and col. 6 L 41-44 “post the good on the electronic market at a new participant determined price”).

Claim 114. wherein the server is programmed to receive a command from the one selected purchaser to which the one collectible was allocated to transmit the allocated collectible to the selected purchaser in a protective case, whereby the condition of the allocated collectible is maintained (inherent to shipment as discussed col. 12 L 56-59).

Claim 131. Woolston teaches a method of managing the initial offering for sale of collectibles, the method comprising the steps of:

steps a) -c) have been discussed in claims 71, 73 and 77. d) provide each successful purchaser the option to remove its collectibles, in the same predetermined condition, from the protective environment or to continue to keep the collectibles in the protective environment (see at least col. 17 L 60- col. 18 L 14 “It is also understood that the bailee agreement may be for a predetermined time and/or require the posting terminal user to hold a good for a predetermined time and/or ship the good to a long term storage facility to ease the bailee burden of posting terminal users where a participant elects to hold legal ownership but keep the good available in the electronic market place for the long term.”);

at least said steps b) - d) being implemented at least in part by a programmed computer (discussed before).

Claim 132. wherein if a successful purchaser opts to remove its collectibles, the collectibles to be removed are disposed in a protective housing (inherent to shipment of collectibles, step 414, Fig. 414).

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Claim 133. Woolston teaches a method of facilitating an issuer of collectibles to manage the sale of at least one collectible from a first purchaser to a second purchaser, said method comprising the steps of

a) - c), e) and f) refer to analysis of claims 110 and 115

d) transferring the ownership of the one collectible from the first purchaser to the second purchaser by deleting the one collectible from the first record and adding the one collectible to the second record (Col. 18 L 63 - Col. 19 L 15, transferring legal title);

Claim 134. wherein step f) keeps the one collectible in the benign environment during at least steps b), c) and d) (long term storage facility, Col. 17 L 2- Col. 18 L 5).

Claim 135. wherein step d) further transfers the ownership of the one sold collectible from the second purchaser to a third purchaser, and step c) further constructs the data base with a third record for the third purchaser transfer of ownership of goods, Fig. 9, Col. 18 L 63 - Col. 19 L 15, transferring legal title).

Claim 136. wherein step d) further transfers the ownership of the one collectible from the second purchaser to the third purchaser by deleting the one collectible from the second record and adding the one collectible to the third record (transfer of ownership of goods, Fig. 9, Col. 18 L 63 - Col. 19 L 15, transferring legal title)

Claim 137. Woolston in view Bezos teaches a method of facilitating at least one administrator to manage collectible to at least first and second purchasers on a primary market and a secondary market respectively. (refer to analysis of claim 77).

Claims 138 and 139. (wherein step f) of maintaining the condition comprises the step benign environment, encapsulating the one collectible in a protective housing (inherent to long term storage as discussed previously).

Claims 140. wherein there is a second administrator, the second administrator having a secondary market, and there is further included the step of determining whether the protective housing has been tampered with and, if not, facilitating the second administrator to offer the one collectible of the determined condition for sale on the secondary market of the second administrator (Col. 3 L 36-41, "trusted means").

Claims 141. wherein the one administrator continues to guarantee the condition of the one collectible as long as the protective housing remains in tact (customary business practice).

Claims 52, 62-68, 69, 104-107 and 115-130 rejected under 35 U.S.C. 103(a) as being unpatentable over Woolston (US 6,266,651).

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Claim 52: Woolston, fails to recite that the ordering activity includes receiving a number of said received orders and incrementing the number of orders in receipt of each order.

Official Notice is taken that maintaining records of ordering activity for orders received for goods offered for sale, including records of number of received orders and incrementing number of orders is old and well known in merchandising art.

It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to have the ordering activity include the recited features because it would provide a measure of the demand for the offered collectible versus its' availability.

Claims 104-107. Woolston fails to explicitly disclose the manner in which the condition of the collectibles is maintained whether by placing a plurality of the collectibles in a benign environment or by placing in a protective casing.

Official Notice is taken that various methods of protecting collectibles such as protective casing, tamper evident casing and benign environment as recited in the instant claims are old and well known.

It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to have the condition of the collectibles maintained by placing in the collectibles in a protective casing, tamper evident casing and benign environment as deemed appropriate.

All other limitations have been analyzed as per claim 102 analysis.

Claim 115. Woolston teaches a method of facilitating an issuer of collectibles to manage the sale and distribution of at least one collectible from a source to at least one purchaser, said method comprising the steps of

a) offering the one collectible of a predetermined condition for sale per Woolston, offering of collectibles is communicated by a consignment node to plurality of participants (customers and collectors)col. 2 electronic markets for collectible goods see col. 2 L27-57);

b) effecting the sale of the one collectible of the determined condition (see at least col. 12 L 20-24, transfer of the ownership of the collectibles);

c) and f) receiving a request of the one purchaser to distribute from the source its one sold collectible and responding to the request by encapsulating the one sold collectible, whereby the determined condition of the one sold collectible is continued to be maintained (col. 12 L 56-59, the participant elects to ship goods.., encapsulating is a choice of the seller for shipping);

d) maintaining the predetermined condition of the one collectible at least during steps a) and b) until the one collectible is encapsulated, whereby the issuer is enabled to guarantee the condition of the encapsulated collectible (this limitation

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is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the collectible nodes or the owner of the collectibles, therefore this step is inherent in Woolston reference(see col. 2 L 44-46) furthermore, specifying the condition of the collectible (col. 3 L 61-66 “condition of the card” etc.) in which the collectibles are offered inherently requires maintaining the condition while the collectibles are offered for sale.) to enabled to guarantee the condition of the collectibles, No patentable weight is given to limitation “until the one collectible is encapsulated, whereby..” since the maintaining step is performed during steps a) and b).

e) said steps a) - c) being implemented by a programmed computer ((see Figures 1-3 which depict computer implementation of the method).

f) distributing the encapsulated collectible from the source.

(see col. 12 L 55-59, shipment).

Woolston fails to explicitly teach that the request of the purchaser is responded to by encapsulating the sold collectible.

Official Notice is taken that encapsulating collectibles for shipment to a purchaser of the collectible is old and well known in the art of collectibles.

It would have been obvious to one of ordinary skill in the art at the time of applicant’s invention to have the collectible encapsulated in response to a purchase request because this would ensure that the collectibles maintains it’s specified or guaranteed condition while in the shipment.

Claim 116. wherein the step d) of maintaining keeps the plurality of collectibles at the source in a protective environment, whereby their conditions are maintained (long term storage, col. 17 L 60 – col. 18 L 5).

Claim 117. wherein the request of the one purchaser alternatively directs that the one sold collectible be distributed from the source to the one purchaser or the sold collectible is kept in its determined condition at the source (col. 12 L 59-66, leave the good at the consignment node).

Claim 118. further including the step of alternatively maintaining the collectibles at the source in a protective environment after the sale of the one collectible or encapsulating the one collectible after its sale, whereby the plurality of collectibles are maintained at their determined conditions, whether they are kept at the source or distributed to the one purchaser (long term storage, col. 17 L 60 – col. 18 L 5).

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Claim 119. Woolston teaches a method of managing the sale of collectibles on each of a primary market and a secondary market, each of the collectibles being of a predetermined

condition (col. 3 L 61-66), said method comprising the steps of:

- a) offering the collectibles of given conditions for sale on the primary market to potential purchasers (refer to col. 2 L 36-40, “market maker for a particular class of goods”, and “establish the dominant market for collectible antique pens”)
- b) facilitating one or more original purchasers to purchase the collectibles of given conditions on the primary market and to offer to a subsequent purchaser at least one purchased collectible of a given condition on the secondary market (col. 12, L 59-66 Re-post the collectible and col. 3 L 25-41); and
- c) facilitating one or more original or subsequent purchasers to offer for sale on the secondary market one or more sold collectibles to one or more original or subsequent purchasers (col. 3 L 25-41 plurality of participants buying and selling collectibles.),
said steps a) - c) being implemented by a programmed computer
(analyzed as in claim 77).

Woolston fails to teach explicitly that the collectibles are of “given conditions” and the market where offering occurs is a “primary market”.

However these differences are only found in the nonfunctional descriptive material “given conditions” and that markets where the offering occur are “primary” and “secondary” markets.

The offering and the facilitating are performed regardless of characterization of the condition of collectibles and/or the markets. The claim does not set apart the primary market from the secondary market other than the sequencing of the offering of the collectibles in that the collectibles are offered to one or more “original” (first time) purchasers who subsequently offer the collectibles to other purchasers. Thus, this descriptive material will not distinguish the claimed invention from the prior art of Woolston in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made offer the collectibles on the primary market and subsequently offer the collectibles in the secondary market as per the claimed invention because the terms “given conditions” and “primary” and “secondary” (market) do not functionally relate to the steps in the method claim and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

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Claim 120. a step of determining the predetermined condition of each of the collectibles on sale on the primary market (col. 3 L 61-66, presence of condition of the collectible(s) inherently teaches the determining of the predetermined condition).

121 and 122. further including the step of maintaining the predetermined condition of the collectibles at a source thereof in a benign environment and

wherein the step of maintaining keeps the collectibles offered for sale on the source in the primary and secondary markets at the predetermined condition.

(col. 17 L 66- col. 18 L 5, long term storage facility).

Claim 123. Woolston teaches a method of managing a sale of at least one collectible to at least one original purchaser on a primary market, a resale of the one sold collectible to at least one subsequent purchaser on a secondary market, and keeping track of these sale and resale of the one collectible respectively to the one original purchaser and to the one subsequent purchaser on a data base, (refer to analysis of prior claims 77-95) said method comprising the steps of

- a) responding to the sale on the market of the one sold collectible to the one original purchaser to create a record in the data base for receiving data identifying the one sold collectible and the one original purchaser who owns the one collectible (refer to Fig. 12 , "sold" and "fore sale" database), col. 14 L 57-63);
- b) responding to the resale on the market of the one resold collectible to the one subsequent purchaser to create a record in the data base for receiving data identifying the one subsequent purchaser of the one resold collectible; and
- c) said steps a) and b) being implemented by a programmed computer(refer to Fig. 12 , sold" and "fore sale" database), col. 14 L 57-63);

Woolston fails to explicitly recite the purchasers as "original" or "subsequent" purchasers and the characterize sale and resale of the collectible in terms of "primary" and secondary" markets.

However these differences are only found in the nonfunctional descriptive material, i.e. the purchaser being an "original purchaser" and the markets where the offering occur as being the "primary" and "secondary" markets.

The offering and the facilitating are performed regardless of characterization of the condition of collectibles and/or the markets. The claim does not set apart the primary market from the secondary market other than the sequencing of the offering of the collectibles in that the collectibles are offered to one or more "original" (first time) purchasers who subsequently offer the collectibles to other purchasers. Thus, this descriptive material will not distinguish the claimed invention from the prior art of Woolston in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

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Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made offer the collectibles on the primary market and subsequently offer the collectibles in the secondary market as per the claimed invention because the terms "given conditions" and "primary" and "secondary" (market) do not functionally relate to the steps in the method claim and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

Claim 124. wherein the sale of the one collectible includes the offering of collectibles to potential purchasers and receiving orders from the ordering potential purchasers, and said step a) responds to the receiving of each of the orders of potential purchasers to create a record in the data base for receiving data identifying one of the potential purchasers (refer to Fig. 12 , "sold" and "fore sale" database), col. 14 L 57-63);

Claim 125-128. further including a step of maintaining the condition of the one collectible (refer to claim 71 step c) and claims 104-107 analysis).

Claim 129. further including a step of receiving and responding to a request of the original purchaser to forward the one sold collectible and to encapsulate the one sold collectible, whereby the condition of the forwarded one collectible is maintained (col. 12 L 59-66 and Col. 18 L 1-5, long term storage).

Claim 130. further including a step of receiving and responding to a request of the subsequent purchaser to forward the one resold collectible to the subsequent purchaser and to encapsulate the one resold collectible, whereby the condition of the forwarded one collectible is maintained (Col. 12 L 56-59, participant elects to ship goods).

Claim 62: Woolston discloses a method of managing the sale of uncirculated collectibles (goods for consignment node market, see col. 10 L 29-32) and maintenance of the collectibles in their uncirculated condition in a protective environment, said method carried out on a programmed computer (see Figure 1 and 3) to effect the following steps:

- a) inputting to the programmed computer data as to the identity of a plurality uncirculated collectibles **maintained in the protecting environment to keep the maintained collectibles in their uncirculated condition;** (col. 2, L 30-40, refer to "electronic markets for collectible goods" which inherently teaches the recited step and col. 9 L 66- col. 10 L 32 which explicitly teaches procedure to "build a database of goods" by inputting data regarding identity of the goods (uncirculated collectibles). Note the posting is described for each good and repeated for a plurality of goods (uncirculated collectibles)

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- b) communicating and initial offering for sale of the uncirculated collectibles to prospective purchasers;

(refer at least to an auction process described at col. 10 L 40-46 which recites an offering of items (uncirculated collectibles) and database of goods to be auctioned to auction participants who are prospective buyers, note that the term “initial offering” is treated as inherent to the auction in which the collectibles are auctioned for the first time)

- c) receiving and accepting a plurality of received orders whereby corresponding purchasers purchase the uncirculated identified collectibles; (see col. 10 L 40-46 the process of successively offering the goods to the auction participants 258 from whom the orders (bids) for the goods are received and accepted)

and

- d) communicating with each of the purchasers who has purchased uncirculated collectibles a message prompting each purchasers to effect selected of the following:
 - i. to keep their purchased uncirculated identified collectibles in the protective environment;
 - ii. offer for sale on the secondary market to the prospective purchasers the uncirculated identified collectibles that had been purchased on the primary market, and
 - iii. forward the uncirculated identified collectibles to the corresponding one of the purchasers.

(refer to col. 55-66, “if the participant has elected to ship goods” corresponds to step iii., “it is understood that the participant may elect to leave the good or collectible at the consignment node” corresponds to step i., and “post a new offer or reserve price” corresponds to step ii.)

Woolston fails to teach explicitly that the collectibles are **“maintained in the protecting environment to keep the maintained collectibles in their uncirculated condition”**

However these differences are only found in the nonfunctional descriptive material **“maintained in the protecting environment to keep the maintained collectibles in their uncirculated condition”**

None of the steps performed by the program on the server depend upon the manner in which the collectibles are maintained. In this regard the aforementioned limitation is treated as non-functional limitation or as non-functional descriptive material since it is not functionally involved in the steps recited. The inputting, communicating, receiving and accepting steps would be performed the same regardless of the limitation.

Thus, this non-functional descriptive material will not distinguish the claimed

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invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to carryout the recited inputting, communicating, receiving and accepting steps per claimed invention because such data (the terms “initial offering” and “determined condition”) do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

Notwithstanding the assertion that Woolston explicitly teaches the communicating step which prompts the purchasers of the collectibles the selected of the actions listed as i) – iii), it is also noted that the limitation “prompting such purchasers to effect selected of the following..” is also recited in the claim as non-functional descriptive material and alternatively rejected on the ground of analysis similar to that presented in the foregoing paragraph.

Claim 63. upon acceptance of the order ..data reflected of the accepted is stored in a memory. (see at least col. 12 45-48, ownership entry).

Claim 64. There is included a memory comprising a plurality of storage locations and upon acceptance of an order from a particular purchaser a corresponding one of the storage locations is dedicated to the particular purchaser and the data reflective of the accepted order is stored in the corresponding storage location (see at least col. 12 45-48, ownership entry).

Claim 65. Each of the storage location stores the purchasing activity of its purchaser (see at least col. 12 45-48, ownership entry).

Claim 66. There is further included the step of updating the purchasing activity of its purchaser in response to the purchase (see at least col.14 L 12+ “transactions on buying and selling of goods”, Col. 19 L 36-46 refer to tracking of participant accounts).

Claim 67. responding to an instruction from a particular purchaser to communicate with each of the prospective purchaser an offer to sell on the secondary market the uncirculated collectibles.

(col. 12 L 60-61 “re-post the good or collectible”)

Claim 68. Prompting each search purchaser to alternatively request that its uncirculated collectibles be forwarded to the corresponding purchaser.

(col. 12 L 55-59 “the participant has elected to ship goods”)

Claim 69. Woolston teaches a method of managing a server (to support a plurality of purchasers to transmit from corresponding remote stations over a network to the server orders for uncirculated collectibles and protective environment to receive and maintain the uncirculated collectibles in their uncirculated condition), the method carried out by the programmed server to effect the steps as follows:

a) generating and transmitting from the server an initial offering for sale the uncirculated collectibles to prospective purchasers (refer at least to an auction process described at col. 10 L 40-46 which recites an offering of items (uncirculated collectibles) and database of goods to be auctioned to auction participants who are prospective buyers, note that the term “initial offering” is treated as inherent to the auction in which the collectibles are auctioned for the first time, refer also to process of auctioning the goods (uncirculated collectibles) as explained in detail);

b) receiving and accepting a plurality of received orders from corresponding ones of the ordering purchasers whereby corresponding purchasers purchase the uncirculated collectibles;

(see col. 10 L 40-46 the process of successively offering the goods to the auction participants 258 from whom the orders (bids) for the goods are received and accepted)

and

c) generating and transmitting from the server to each of the purchasers..messages prompting these purchasers to effect selected of the following:

i) keep their purchased uncirculated collectibles in a protective environment, and
ii) offer for sale on a secondary market to the prospective purchasers the uncirculated collectibles that have purchased on the primary market (refer to col. 55-66, “if the participant has elected to ship goods” corresponds to step iii., “it is understood that the participant may elect to leave the good or collectible at the consignment node” corresponds to step i., and “post a new offer or reserve price” corresponds to step ii.)

Notwithstanding the assertion that Woolston explicitly teaches the communicating step which prompts the purchasers of the collectibles the selected of the actions listed as i) and ii), it is also noted that the limitation “prompting such purchasers to effect selected of the following..” is also recited in the claim as non-functional descriptive material and alternatively rejected on the ground of analysis similar to that presented in the foregoing paragraph.

(10) Response to Arguments

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ARGUMENT 1: The First Ground of Rejection Reviews Whether the Examiner Has Failed to Construct a Record Satisfying the "Substantial Evidence" Standard Defined by the Case Law Below

Response: The examiner has reviewed and acknowledges the Appellant's citation of various court rulings which form the standard for obviousness of the claimed invention. The examiner notes that the appellants' citations of the case laws are addressed wherever, the appropriate case laws have been invoked by the appellants.

The examiner, however, brings to the attention of the appellants that obviousness is not determined solely on the basis of the teaching suggestion or motivation (TSM) (KSR International v. Teleflex Inc., 550 U.S. ___, 82 USPQ2d 1385 (2007) (KSR). According to KSR the examiner may rely on, for example official notice, common sense, design choice and ordinary ingenuity. This examiner's answer thus relies on this broaden standard of obviousness in responding to the appellants' arguments.

ARGUMENT 2: The Second Ground of Rejection Reviews Whether the Examiner Has Failed to Show that Appellants' Claims are Not Clear and Definite under 35 U.S.C. Section 112

Response: With reference to rejection of claim 72 and it's dependent claims and claims 50-52 the appellants equates "the number of ordered collectibles" to "offering of collectible for sale". However, the number of ordered collectibles may be vastly different than the quantity offered. In fact the without knowledge of the ordered quantity (or number) of the collectibles one cannot compare against the

predetermined number of offered collectibles. Therefore, the examiner maintains that claim 72 does not provide antecedent basis for the limitation "the number of ordered collectibles". This response also applies to arguments concerning claim 50-52.

Regarding claim 81 the appellant asserts that the limitation "number of collectibles to be allocated" provides antecedent basis for the limitation "said number of collectibles to be offered for sale". However, it is noted that neither claim 81 or its predecessor claim 77 does not refer to such a limitation.

Similarly claim 50 recites limitation "the allocated collectibles". There is no such limitation referenced in claims 49 or 50.

ARGUMENT 3: The Third Ground of Rejection Reviews Whether the Examiner has Failed to Show that Appellants' Claims are Anticipated Under (35 U.S.C. §102) Over Woolston '651

Response: Rejections of claims 102, 103, 49-51, 56 and 57 under 35 USC 102(b) over Woolston ('651) and rejections of dependent claims therefrom under 35 USC 103(a) over Woolston in combination with Bezos et al. ('608) have been withdrawn. Accordingly, the appellants' arguments under this section are rendered moot.

ARGUMENT 4: The Fourth Ground of Rejection Reviews Whether the Examiner Has Failed to Show that Applicants' Claims are Obvious Under 35 U.S.C. §103(a) over Woolston in view of Bezos, and are deemed to be "Non-Functional Descriptive Material".

The appellants' argument under this section applies to rejection of claims 71, 72, 34-38, 44-45, 47-48, 73-76, 59-61, 77-84, 86-95 and 110-114 under 103(a) as being obvious over Woolston and Bezos patent references.

Response:

Independent claims 71

The appellants' arguments are not persuasive as explained in the following paragraphs.

Argument: Woolston teaches that the consignment node operators only operate in a secondary market and fails to teach that (a) the collectibles are initially offered for sale and (b) that the consignment node can operate as an initial issuer of the collectibles (pp. 22-25)

The appellants' argues that the consignment node does not operate as the issuer as per claim 71 because it does not deal with initial placement of collectibles and that consignment node (users) only operate on collectibles in a secondary market.

This argument is not persuasive because Woolston teaches double tier computerized market for collectibles wherein the first tier is a retail price and second tier is a whole tier or dealer to dealer price. Woolston allows a collector of certain collectibles (such as antique pens) to issue his collectibles in the

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market (col. 2, 57- col. 3 L 10) by posting "buy at" and "sell at" quantities (col. 3 L 36-45). The examiner notes that the consignment node or the collector who post the collectibles performs as a initial issuer of the collectibles regardless of the history of the collectibles. In other words, "initial offering" is the first time posting of the collectibles by the consignment node which inherently disclosed in Woolston because it permits resale of the collectibles once purchased.

It is also noted that the claimed invention does not functionally effect any process steps in terms of the offering of collection whether the collectibles are initially offered or who issues the collectibles and who sets the period of time whether the issuer or the administer of the offering such as an auctioneer. In this regard both these terms are not functionally connected to any of the process steps of the claimed invention.

Argument: Woolston only teaches offering one collectible at a time and therefore need for allocation of plurality of collectibles does not arise (p. 25)

The appellants have only presented piecewise analysis of Woolston in concluding that only one good at a time is sold.

The examiner notes that whereas the appellants' citing of the Woolston patent refer to selling one good at a time broader and more careful analysis shows that Woolston does not limit offering or issuing collectible to one collectible at a time.

The appellants' argument that Woolston teaches offering a single good at a time and therefore there is no problem of allocating the collectibles. The examiner, respectfully disagrees with the appellant. Although, Woolston cites instances of offering a single collectible at a time (see col. 4 lines 61 - col. 5 line 8, col. 5 line 58 – col. 6 line 45), there is no teaching or suggestion that an issuer of a collector is restricted to offering of a single collectible. For instance, Woolston, teaches a “double tier” computerized market for goods and computer means for purchase of collectibles and subsequent resale of the collectibles purchased (see col. 1 line 52 – end). Woolston invention allows the issuers (consignment node users) to establish electronic markets for collectibles (collectible goods), establish auctions and electronic presentment of goods (col. 2 lines 38-51, “dominant market for collectible antique pens”). Woolston allows a participants to post their collectibles for sale by specifying “buy at” and “sell at” quantities and prices thereby allowing the participants to establish a market for collectible goods. (Col. 3 L 36-52) Therefore, the examiner, respectfully disagrees with the appellant and asserts that Woolston teaches offering a plurality of collectibles without any restriction as to the quantity or price of the collectibles.

Argument: Woolston does not disclose maintaining the specified condition of the collectible while the collectibles are being offered at steps (a) and (b) of claim 71. (p. 26-27)

Response: Woolston teaches “maintaining the conditions of the collectibles” inherently because it is essential to specify condition of the collectibles being offered for sale in order for potential purchasers to assess the value of the collectible offered at a specified price by a seller or issuer.

Woolston teaches that when collectible(s) are sold, information regarding the collectibles along with it's condition is provided to the potential purchasers to enable purchase decision. (see Figure 13, “Mint condition”. Furthermore, since the purchaser's are informed that an antique such as a Rolex watch is in a predetermined condition is suggestive of the fact that according to Woolston, the collectibles are maintained in their specified (i.e. predetermined condition) until sold to one or more purchasers. Collectibles are valued on the basis of their conditions. For example, an antique Rolex watch in mint condition will fetch much higher value than if it was in a worn condition. Collectibles baseball cards would not be worth less unless they are held in like new condition by a plastic cover. Similarly, valuable painting are kept in storage facilities where the environment will not interact with the specific type of paint used in the paintings and maintain their original condition, thereby preserve their market value. Therefore, whenever, collectibles are sold and bought, maintaining their conditions is not only inherent but also a matter of common sense. For these reasons maintaining the (predetermined) condition of the collectibles while being sold

(or until the collectibles are delivered to the potential purchaser) is inherent. Citing the Board of

Patent Appeals and Interference (BPAI) in KSR:

“when there is motivation to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to anticipated success, it is likely the product not of innovation but of ordinary skill and common sense.”

(KSR International v. Teleflex Inc., 550 U.S. ___, 82 USPQ2d 1385 (2007))

In the instant situation, maintaining conditions of the collectible is a predictable solution to complete the sale of the collectibles and a person of skilled in art of collectibles marketing is has a good reasons to maintain the conditions within his or her technical grasp because he or she knows that the value of the collectibles depends on and completing sale of collectible is always based upon delivering the collectibles in their promised condition.

Therefore, the examiner concludes that maintaining conditions of the collectibles a matter of ordinary skill in the art and common sense.

Argument: Woolston fails to teach that each collectibles has a “predetermined condition”

Response: Woolston teaches that collectibles are offered having a specified condition (see Figure 13 where posting interface which describes a collectibles having a predetermined condition).

Furthermore, it is obvious to and common knowledge of one of ordinary skill in the art that (a) the

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collectibles are priced according to the condition in which they are kept and (b) in order to facilitate sale of a collectible and therefore it is essential to determine condition of the collectible and to communicate this information to potential customers because the purchasers evaluate the collectibles not only in terms of both the asking price and the (current) condition of the collectible. It is also a matter common understanding of a laymen (or at least a person skill in the art who deals with trading collectibles) that maintaining condition of the collectibles being offered is essential until the collectible is delivered to the purchaser so that collectible maintains its value. On this basis, it is the examiner's assertion that Woolston when considered view of the common knowledge of one of ordinary skill in the art, teaches the process step of maintaining the condition of the collectibles.

Response to Appellants' arguments concerning "Non-functional descriptive material"

The appellants' arguments regarding certain limitations, words or phrases as not being functional limitations are not persuasive. For example, claim 71 recites "initially offering" of collectibles and that the "initially offering" is for a period of time "set by the issuer". The examiner notes when a process differs from the prior art only with respect to certain language (descriptive material) that cannot alter how the process steps are to performed to achieve utility of the invention, then the descriptive material is rendered "non-functional".

In the process of claim 71, the offering collectibles for sale to (potential) purchasers does not alter the functionality of the process. None of the process steps a) through e) are dependent upon or altered by the fact that the collectibles are offered initially or that the period of time is set by the issuer or by any other entity. In this regard these terms have been treated as non-functional descriptive material because they do not have any functional relationship to the underlying process. The examiner points out that the process of claim 71 cited above only differs from the prior art only with respect to these non functional descriptive material that cannot alter how the process are to be performed to achieve the utility of the invention.

In the process of claim 73, the claim refers to terms “uncirculated condition” and “limited number” which are treated as non-functional descriptive material because these terms do not alter the underlying process of the claim. The claim does not state that the process is any distinct due to fact that the collectibles are of limited number. Similarly, whether the collectibles are uncirculated or not has no effect on the process steps of the claims and therefore properly treated as non-functional descriptive material.

Accordingly, no patentable weight is accorded to the aforementioned terms in the claims.

Nonfunctional descriptive material cannot render non-obvious an invention that would have otherwise been obvious. *In re Ngai*, **>367 F.3d 1336, 1339, 70 USPQ2d 1862, 1864 (Fed. Cir.

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2004). See also *In re Gulack*, 703 F.2d 1381, 1385-86, 217 USPQ 401, 404 (Fed. Cir. 1983)

("Where the printed matter is not functionally related to the substrate, the printed matter will not

distinguish the invention from the prior art in terms of patentability....[T]he critical question is whether

there exists any new and unobvious functional relationship between the printed matter and the

substrate.").

Argument: Misuse of Non-functional Descriptive Material Rejection

Response: The examiner, respectfully points out that certain words and adjectives used in the claims do not patentably distinguished the claimed invention from the prior art. For example, referring to claim 71, initially offering collectibles is not patentably distinct from offering collectibles and "for a period of time set by the issuer" is not patentably distinct from "for a period of time" because the underlined phrases do not alter the manipulative steps of the process in the method claim 71. Similarly, the term "a given condition" in claim 119 step (a) is treated as non-functional term and in claim 73 "each of the collectibles having an uncirculated condition" is treated as non-functional descriptive material it does not alter the manipulative steps (a) through (c) of the process. As the Appellants have recognized on p. 30 'functional descriptive material' consists of data structures and computer programs which impart functionality when employed as a computer component. (The definition of 'data structure' is 'a physical or logical relationship among data elements, designed to support specific data manipulation functions'. The

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aforementioned data in the claimed invention do not support any manipulative functions (steps) as explained and therefore the examiner has properly treated the descriptive terms as nonfunctional.

Argument: Woolston fails to teach a method of facilitating an issuer of collectible to manage an offering of collectibles for sale

Response: In Woolston an operator of a consignment node (see for example, col. 2 L 30-34) is an issuer of collectibles. The consignment node operator issues collectibles for sale when a collector of antique pens (a collector) brings his pen (collectibles) for the first time (see col. 2 L 41 – 51, issuing collectibles is inherent because the collector brings his pen to a market make node for antique pens). Woolston teaches that the consignment operator can act as issuer of the collectibles in a wholesale market (col. 1 L 52- 67) thus issuer a plurality of collectibles to potential purchasers. Therefore, an issuer of the collector (the consignment node operator) can offer a plurality of collectibles (several antique pens) initially in the whole sale or retail market. It is noted whether the collectibles are new or have not been offered before does not patentably distinguish the claimed invention from the prior art.

Claim 72: please refer to explanation provided under claim 71 regarding allocation of a plurality of collectibles.

Claim 34: appellants' argument that Woolston fails to teach primary market for offering collectibles, is not persuasive because as explained under claim 71, Woolston teaches initial offering of

collectibles using consignment node. The terms “primary market” is wholesale or dealer to dealer sale of collectibles (Woolston col. 1 L 52-57).

Claims 36-38: as explained under claim 34 above, Woolston teaches both primary market and secondary market. The examiner maintains that the period of time for the initially offering the collectibles and offering the collectibles phases of the market offering of collectibles namely, primary and secondary (wholesale or retail, Woolston col. 1 L 52-57) is choice of the operator of consignment nodes and therefore inherent in Woolston.

Claim 44-45: refer to analysis concerning “plurality of collectibles” under claim 71. The examiner further maintains that “particular class of goods” corresponds to “lots” of goods since the appellants’ have not disputed this interpretation with any explanation.

Claim 46: has not been considered because claim 33 on which it depends has been cancelled.

No response is deemed necessary. (Refer to (3) Status of Claims)

Claims 47 and 48: the appellants argue that Woolston does not teach purchaser history database for storing a record of each purchaser that has placed an order in the course of the initial offering. However, Woolston, teaches at col. 5 L 48 – 54 that “a valuable database of records to track the possession and ownership of a collectible.” Note that Woolston does not deal with a plurality of collectibles bought and sold both in wholesale (primary or initial offering) and resale (secondary) markets.

Response to arguments: Independent claims 73 (p. 41)

The appellants' arguments that Woolston fails to teach a server designed to support an initial offering by an issuer of collectibles for a limited number of collectibles via a plurality of remote terminals, each terminal operated by a potential purchaser to transmit over a network to said server at least one order for the purchase of collectible offered for sale is not persuasive.

Woolston teaches a electronic network of consignment stores (abstract) wherein each store operate a computer which is connected to computers of other consignment stores. Therefore, each consignment computer 10 (see Figure 1) performs the functionality of initial offering of collectibles and transmitting order over the network to remote terminals (computers) of other consignment nodes.

(refer to the examiner's response under claim 71 above).

Woolston teaches that each of the remote terminals which performs the aforementioned functionality and stores indication of the predetermined condition of each, the price of each of and the limited number of the collectibles. (see, "sell at" quantities and prices, col. 3 L 41-45, see also col. 4, L 1-5). The examiner takes notes of the discussion of "predetermined condition" as either a common sense feature or inherent feature as explained in detail in the foregoing paragraphs under claim 71 analysis.

Woolston teaches steps b) as transmitting to the plurality of remote terminals (i.e. to the plurality of other consignment node computers) at least one offer for sale of the limited number of the collectibles,

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the one offer having an indication of the indication of the one collectible, whereby at least first and second potential purchasers are enabled to actuate its remote terminal to transmit at least first and second orders for the one collectible to the server. (referring to col. 3 L 41 – 45, a consignment computer sells specified quantity of collectibles at a specified price to other consignment computers. A posting of such sell at quantity along with “enough” information regarding the collectible(s) stored in the database (col. 4 L 1-5) suggest that each offer to sell a specified number of collectibles has indication of the condition of the one collectible. Please refer to detailed reasoning provided by the examiner under claim 71 analysis why providing information about the “predetermined condition” is inherent or of common sense .)

The appellants argue that “Woolston’s disclosure of offering collectibles on a secondary market may not be combined with the practice of allocating collectibles that the examiner alleges to be well known” as per Appellants’ detailed arguments regarding claim recitation 71 c). The examiner, however, disagrees with the appellants that Woolston is limited to secondary market (i.e. the collectibles are only offered for resale only). The appellants have not provided any explanation as to how this argument is relevant to the allocating of the (limited) number of collectibles. The problem of allocation arises whenever the number of collectibles is not sufficient to meet the ordered quantity. In this regard, the allocation step has nothing to do with the nature of the offering or the market. The examiner therefore asserts that the

rejection of the claim over Woolston in view of Bezos is proper because the examiner has made a prima facie case of rejection.

Claims 74-76: These claims specify a varieties of collectibles such as a trading card with a mint condition and an uncirculated trading cards. The examiner notes that the nature of the collectible does not play any role in the functionality of process of claim 73. In this regard the term “collectibles” encompasses any type of collectibles, used trading cards or uncirculated cards.

Claim 59 and 60: refer to claim 73 c) discussion in view of Woolston Col. 5 L 48-54.

Claim 61: Rejection of this claim has been withdrawn.

Claim 77: The examiner respectfully disagrees with Appellants’ interpretation of Woolston with regards to initial placement of collectibles. As noted by the examiner the term “initial placement” and “primary” is treated as non-functional data because they do not alter the substrate or manipulative functionality of the processes of claim 77. Therefore, limitation a) is interpreted to read “offering for sale to one or more prospective purchasers one or more collectibles on the (primary) market”. In this regard, Woolston teaches a consignment node offering for sale one or more collectibles (see col. 3 L 41-45). The examiner now respectfully points out that Woolston’s selling and reselling of collectibles by market participants is equivalent to initially offering for sale in the primary market and reselling these collectibles to other market participants via the consignment nodes is equivalent to offering for sale in a secondary

market because the appellants' claim 77 does not functionally distinguish limitations "primary market", and "secondary market" versus Woolston's markets and therefore treated as functional data in the claim.

Regarding claim limitation 77d) Appellant's arguments concerning "maintaining the conditions of the collectibles" are not persuasive because collectibles are sold in a specified condition and maintaining its condition is a matter of common sense.

Woolston teaches that when collectible(s) are sold, information regarding the collectibles along with its condition is provided to the potential purchasers to enable purchase decision. (see Figure

Furthermore, since the purchaser's are informed that an antique such as a Rolex watch is in a predetermined condition is suggestive of the fact that according to Woolston, the collectibles are maintained in their specified (i.e. predetermined condition) until sold one or more purchasers. The examiner notes that maintaining condition of goods which are fragile or subject to deterioration due to effect of environment before and while sold to consumers is a matter of common knowledge of a person of ordinary skill in the pertinent art and that in view of this common knowledge would have taken appropriate measures to maintain the condition of the collectibles in the specified conditions while being offered to the purchasers. Citing the Board of Patent Appeals and Interference (BPAI) in KSR: "when there is motivation to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If

this leads to anticipated success, it is likely the product not of innovation but of ordinary skill and common sense.” (KSR International v. Teleflex Inc., 550 U.S.____, 82 USPQ2d 1385 (2007).

Claim 78: The appellants argue that Woolston fails to disclose the limiting of the number of collectibles on the primary market. However, it is noted that collectibles inherently are limited in number, therefore any offering of the collectibles has limited number of collectibles. Woolston for example, “selling at” quantities at col. 3 L 41-45. This equates to the limiting the number.

Claim 80: Please refer response to arguments of claims 36-38.

Claim 81 and 82: Please refer to response under claim

ARGUMENT 5: The Fifth Ground of Rejection Reviews Whether the Examiner's Record Fails to Show that Appellant's Claims are obvious Under 35 U.S.C. §103(a) over Woolston in view of Bezos.

Appellants' arguments under this section apply to rejection of claims 96-101 and 137-141 over Woolston in view of Bezos (US Pat. 6,606,608).

The examiner, respectfully, request the Board to consider the rejection of these claims in light of the examiner's response to the Appellants' arguments provided under claims 71, 73 and 77 and dependent claims.

Independent claim 96

The appellants' argue that Woolston does not disclose a method of facilitating an issuer of collectibles to manage an initial offering of collectibles. As explained in the examiner's response under Argument 4, Woolston teaches the method of facilitating an issuer (a consignment node operator) to manage an initial offers of collectibles.

The examiner points out that the subject claims have been rejected under 35 USC 103(a) over a Woolston in view of Bezos. Accordingly, the examiner has relied on teaching of Bezos for where Woolston failed to disclose certain features of the claimed inventions. For example, the examiner relied on Bezos for (i) specifying the number of collectibles (ii) allocation of the collectibles among the ordering potential purchasers.

The appellants' have not addressed the combination of Woolston and Bezos but only argued that Woolston does not teach step b) communicating to potential purchasers a message offering to sell the collectibles and specifying the determined condition and the limited number of collectibles offered for sale.

The examiner, respectfully, points out that Bezos teaches communicating to potential purchasers a message which specifies both number of collectibles (Quantity (105)) and allocation of the collectibles (see exemplary description of offering of 10 gold wrist watches in a Dutch auction wherein the

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winning bidder pays as the lowest winning bid. In this scenario the 10 watches are allocated among the bidders who bid at or greater than the lowest winning bid. (Bezos, col. 2 L 18-24).

Therefore, the combination of Woolston and Bezos meets the scope of the invention of claim 96 in view of the examiner's response to Argument concerning "determined condition" of the collectibles as presented below.

Woolston teaches that when collectible(s) are sold, information regarding the collectibles along with its condition is provided to the potential purchasers to enable purchase decision. Furthermore, since the purchaser's are informed that an antique such as a Rolex watch is in a predetermined condition is suggestive of the fact that according to Woolston, the collectibles are maintained in their specified (i.e. predetermined condition) until sold one or more purchasers. The examiner notes that storing determined condition of collectibles in a (computer) memory and communicating the determined condition to the potential purchasers (along with the number of the collectibles offered) is a matter of common knowledge of a person of ordinary skill in the pertinent art and that in view of this common knowledge would have stored the condition of the limited number of collectibles and communicated this information so as to allow the potential purchasers to appraise the collectibles and to facilitate the purchase decision.

Therefore, the examiner, respectfully points out, that storing determined condition of collectibles and

conveying this information to the potential purchasers is a matter of common sense and not innovation.

Citing the Board of Patent Appeals and Interference (BPAI) in KSR:

“when there is motivation to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to anticipated success, it is likely the product not of innovation but of ordinary skill and common sense.”

(KSR International v. Teleflex Inc., 550 U.S. ___, 82 USPQ2d 1385 (2007))

On the basis of the foregoing response to the appellants’ arguments the examiner requests that the rejection of claim 96 and dependent claims 97-101 be sustained.

Independent claim 137

Note that the examiner has referred to claim 77 analysis as applicable to claim 137. In other words all limitations of claim 137 as being addressed in claim 77 analysis due to both claims reciting limitation which are patentably equivalent as correlated below.

Claim 137 a) determining condition of the one collectible (corresponds to “a predetermined condition” in claim 77), b) facilitating the administrator to introduce the one collectible for sale on the

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primary market (corresponds to step a) offering for sale .. on the primary market in claim 77), c) effecting the sale of the one collectible on the primary market to the first purchaser (corresponds to step b) in claim 77, allocating selected one or more collectibles to ..successful purchasers), d) facilitating the first purchaser to offer for sale the purchased one collectible on the secondary market (step c in claim 77) offering for sale ..on a secondary market), e) effecting the sale of the collectible from the first purchaser to the second purchaser (this step is inherent because the (secondary market) has a plurality of participants and the collectible is sold to the second participant from the first participant), g) maintaining the condition ..(refer to step d in claim 77).

Therefore, the examiner, maintains that rejection of claim 137 is met by applying analysis of claim 77.

ARGUMENT 6: The Sixth Ground of Rejection Reviews Whether the Examiner's Record Fails to Show that Applicants' Claims are Obvious under 35 U.S.C. 103(a) over Woolston.

Claim 131: The examiner clarifies the rejection of claim 131 as follows:

Woolston teaches a method of managing initial offering for sale of collectibles (see examiner's response claim 71, see also comments on non-functional data in the claim), the method comprises:

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keeping the collectibles of a predetermined condition in a protective environment (collectibles are kept with at the consignment node, see Woolston, at least col. 13 L 15-17);

initially offering for sale to potential purchasers the collectibles on an initial market (see offering collectibles with “sell at” quantities to establish a market, col. 3 L 41-45);

determining successful purchasers of the collectibles in the initial market (see col. 6 L 7-15 and L 43-53).

Provide each successful purchaser an option to remove its, collectibles in the same predetermined condition, from the protective environment or to continue to keep the collectibles in the protective environment (see col. 13 L 6 – 13, leave the good at the consignment node or ship the good to the participant, see col. 3 L 36 – 41).

at least said steps b) – d) being implemented at least in part by a programmed computer (see col. 3 L 12- end).

Claim 132: wherein if a successful purchaser opts to remove its collectibles, the collectibles removed are disposed in a protective housing (whether collectibles are “disposed in a protective housing” or otherwise will not effect any manipulative process of the claim and therefore no patentable weight is

given to the collectible being “disposed in a protective housing”. This non-functional therefore cannot distinguish the claimed invention from the prior art.)

Claim 133: The appellants argue that the examiner has improperly relied on claims 110 and 115 because it does not clearly and unambiguously map each claim recitation to a particular portion of Woolston '651, much less determine the scope of Claim 133.

The examiner disagrees and points out that clear and detailed response has been provided regarding a collectible having “predetermined condition” (see analysis of “predetermined condition” in claim 115), effecting the sale of the collectible, receiving a request, maintaining the predetermined condition of the collectible, please also refer to claim 71 for the examiner’s response regarding “predetermined condition”. The phrase “initially determining” is not functionally distinguished from “determining” because the term “initially” non-functional descriptive material.

Regarding transferring ownership of the one collectible, the examiner points out that the Woolston explicitly teaches transfer of ownership and maintains records of ownership of the collectible Col. 12 L 59-64. The examiner has provided detailed explanation and reasoning why maintaining condition of the collectible is inherently disclosed in claim 71 analysis.

Claim 134: Regarding limitation of claim 134, keeping the collectible in a predetermined state implies that the collectible is kept in an environment which prevents alteration of the condition or

deterioration. In this regard keeping the collectible when being sold to a purchaser in a suitable condition deemed appropriate by a person skilled in the art of offering collectibles is matter of choice and inherent in Woolston.

Claim 135-136: the examiner maintains the rejection because Woolston explicitly teaches transfer of ownership for a number of sequential purchasers of a collectible (col. 12 L 59-62).

ARGUMENT 7: The Seventh Ground of Rejection Reviews Whether The Examiner's Record Fails to Show that Appellants' Claims are Obvious 35 U.S.C. Section 103 over Woolston '265 and by Taking Official Notice or Being Inherent

Claim 52: The appellants allege that the examiner has failed to construct a record that logically and technically show how the constructing of such a database leads one in the art to increment the purchaser's record.

The appellants arguments contesting the officially taken notice are not persuasive. The appellants only disputes the procedure of taking the official notice (constructing a record that logically and technically show how the constructing of such a database leads one in the art to increment the purchaser's record) and not the substance of the rejection of the claim under review. The appellants do not provide any reasoning or evidence as to why the noticed facts (maintaining records of ordering activity

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for order received for goods..., see text of Official Notice.) should be considered as incorrect nor do the appellants challenge the facts of the examiner's assertions. To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b). See also *Chevenard*, 139 F.2d at 713, 60 USPQ at 241 ("[I]n the absence of any demand by appellant for the examiner to produce authority for his statement, we will not consider this contention.").

Therefore the examiner maintains the rejection of claim 52 based the officially taken notice.

Claim 62: The appellant argue that the limitation "maintained in the protective environment to keep the maintained collectibles in their uncirculated condition" is functionally related to the subsequently recited step of purchasing the offered collectibles.

The examiner, respectfully, disagrees with the appellant that the aforementioned limitation is functionally related to any manipulative process of the step a) or any other step. Step a) states that identification of the collectibles is inputted to the computer, step c) refers to receiving and accepting a plurality of received orders whereby corresponding purchasers purchase the (uncirculated) identified collectibles and step d) refers to communicating with the purchasers a message whether they wish to keep the collectibles in the protective environment.

However, the limitation "maintained in the protective environment to keep the maintained collectibles in their uncirculated condition" does not alter the underlying manipulative process (substrate) which is inputting identity of the collectibles, and receiving and accepting the received orders (nor do these processes depend upon whether the collectibles are "uncirculated" or not). When certain limitations such as the one under question do not alter the underlying manipulative process (substrate), they are deemed "non-functional" descriptive material. These non-functional descriptive material cannot render obvious an invention that would have otherwise been obvious. In re Gulack, 703 F.2d 1381, 1385-86, 217 USPQ 401, 404 (Fed. Cir. 1983) ("Where the printed matter is not functionally related to the substrate, the printed matter will not distinguish the invention from the prior art in terms of patentability....[T]he critical question is whether there exists any new and unobvious functional relationship between the printed matter and the substrate.").

Likewise, the examiner also maintain that the content of the message is nonfunctional descriptive material because it only suggests the purchasers to take certain actions. None of the processes recited in steps a) through d) are altered due to the nature of the message. For example, a purchaser may not respond to the message at all. See explanation of "non-functional" descriptive material. Therefore, the specifics of the message would not distinguish the claimed invention from the applied prior art.

The appellants argue that Woolston does not disclose sending of a message per limitation 62 d) which prompts the purchaser to effect the listed options. The examiner disagrees with the appellant because Woolston provides a network of computers whereby purchasers effect their purchases (see “summary of the invention”) and the purchasers are given options to keep their purchased collectibles in the protective environment (remain with the consignment), forward to the purchaser (directing the delivery) or post a new reserve price (offer for sale). The examiner maintains that these options disclosed by Woolston correspond to three options i – iii presented to the purchasers in claim 62.

Claims 63-65: The appellants argue that Woolston does not teach the use of the memory for storing date reflective of the accepted order and more particularly, where the storage location is dedicated to the particular purchase and the purchase data is stored on the corresponding location.

The examiner points out that Woolston’s teaching of recording transaction of sales of collectibles in data records (see col. 12 L 45 –62) inherently suggest all claimed features. For example, each purchaser’s sales record is stored in a dedicated storage location.

Claims 66-68: The appellants argue that the claimed subject matter of the claims is not disclosed in Woolston. The appellants have provided no explanation in support of these statements. The examiner points out that these features are explained in or inherent in view of analysis of offering

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of primary and secondary markets and that the features are disclosed at the indicated portion of Woolston as follows.

Claim 66: There is further included the step of updating the purchasing activity of its purchaser in response to the purchase (see at least col. 14 L 12+ "transactions on buying and selling of goods", col. 19 L 36-46 refer to tracking participate accounts).

Claim 67: Responding to an instruction from a particular purchaser to communicate with each of the prospective purchaser an offer to sell on the secondary mark the uncirculated collectibles.

(col. 12 L 60-61 "re-post the good or collectible")

Claim 68: Prompting each search purchaser to alternatively request that its uncirculated collectibles be forwarded to the corresponding purchaser.

(col. 12 L 55-59 "the participant has elected to ship goods")

Independent Claim 69

Argument: The Appellants argue that Woolston fails to teach, maintaining uncirculated collectibles in a protective environment to maintain the uncirculated collectible in their uncirculated condition and providing an initial offering for the sale of the uncirculated collectible to the prospective purchasers, receiving order from the corresponding purchasers and providing message prompting these purchases to effect the following: 1) keep the uncirculated collectibles

in the protective environment, and offer for sale on a secondary market the uncirculated collectibles that had been purchased.

Response: Please refer to the examiner's response to claim 62 arguments.

NOTE: The claim does not recite functional limitation "maintaining uncirculated collectibles in a protective environment to maintain the uncirculated collectible in their uncirculated condition" as asserted by the Appellants.

Argument: Rejection of claims 104-107 over Woolston in combination with the Official Notice cited in claims 104-107 does not spell out a sufficient basis for such a rejection, much less establish an adequate record.

Response: The examiner's response to this argument is similar to that of claim 52. With regard to the instant claims 104-107 the Appellants have not adequately traversed the officially taken notice. To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b). See also Chevenard, 139 F.2d at 713, 60 USPQ at 241 ("[I]n the absence of any demand by appellant for the examiner to produce authority for his statement, we will not consider this contention.").

The examiner therefore maintains rejection of claims 104-107 reproduced below.

Claims 104-107. Woolston fails to explicitly disclose the manner in which the condition of the collectibles is maintained whether by placing a plurality of the collectibles in a benign environment or by placing in a protective casing.

Official Notice is taken that various methods of protecting collectibles such as protective casing, tamper evident casing and benign environment as recited in the instant claims are old and well known.

It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to have the condition of the collectibles maintained by placing in the collectibles in a protective casing, tamper evident casing and benign environment as deemed appropriate.

Regarding independent claim 115 the appellants argue that the examiner has not established prima facie case of anticipation in that he admits that Woolston does not teach maintaining the condition of the collectibles while the collectibles are offered for sale.

The examiner disagrees with the argument that the examiner has improperly used inherency. See detailed explanation provided under claim 71 analysis.

All other arguments have been responded to in a similar manner as claims 71.

Regarding the examiner's statement of Woolston's teaching step d) of claim 115 is clarified as follows:

d) maintaining the predetermined condition of the one collectible at least during steps a) and b) until the one collectible is encapsulated, whereby the issuer is enabled to guarantee the condition of the encapsulated collectible (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the consignment nodes or the owner of the collectibles in order to preserve the condition of the collectible until it is delivered to the purchaser. Therefore, this step is inherent in Woolston because specifying condition of the collectibles (new, used, age, damaged etc.) and delivering the collectible to the purchaser is essential to the successful operation of Woolston invention).

Claim 116: the examiner maintains the rejection of the claim as per explanation provided under claim 71 d).

Claim 117: the examiner maintains the rejection of the claim because the Appellants have not provided persuasive argument as to why the rejection is not proper.

Claim 118: Refer to claim analysis of step d) of claim 115 above.

Claims 41 and 43: rejection of these claims have been withdrawn.

Claims 82 and 83: The examiner provides the following explanation:

Claim 81-82: Woolston fails to teach that the step of predetermining said number of collectibles.. before offering in the market and step of allocating counts the number of collectibles for which the order have been placed.

Bezos teaches allocating the step of predetermining said number of collectibles.. before offering in the market. (Bezos, see col. 2 16, Dutch auction, 10 wrist watches is being offered).

Refer to claim 77 for motivation statement.

Bezos teaches step of allocating counts the number of collectibles for which the order have been placed. (Bezos, see col. 2 16, Dutch auction, allocation in Dutch auction occurs when orders (bids) for all collectibles are received (10 highest bids), then the collectible is offered at the lowest winning bid).

Refer to claim 77 for motivation statement.

Claim 84 and 85: rejection of these claims have been withdrawn.

ARGUMENT 8: The Eighth Ground of Rejection Reviews Whether the Examiner's Record Fails to Show that Applicants' Claims are obvious under 35 USC §103(a) over Woolston and are deemed to be "Non-Functional Descriptive Material"

Independent Claim 119:

Argument: The appellants argue that Woolston fails to disclose 1) a method for managing sale of collectibles on each of a primary and a secondary market, each of the collectibles of a predetermined condition.

Response: The examiner points out that the Woolston teaches consignment nodes that manage sale of collectibles when the collectibles are sold in wholesale tier and retail tier (see col. 1 L 52-57) which correspond to primary market and secondary market. Since the terms "primary" and "secondary" do not alter the process (substrate) of the claimed method, the examiner has not given patentable weight and properly interpreted as wholesale tier and retail tier of Woolston.

Argument: The appellants argue that Woolston fails to disclose that 2) offering the collectibles of given conditions for sale on the primary market to potential purchasers.

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Response: The examiner disagrees with the appellants and asserts that the term “given condition” is not functional limitation because whether the collectibles of certain conditions (or “predetermined condition”) does not alter the manipulative steps of the process recited in steps a) through c) of claim 119.

Accordingly, the examiner, respectfully, maintains that rejection of claim 119 over Woolston under 35 USC 103(a) is proper.

Claim 120:

Argument: Woolston does not disclose the step of determining the predetermined condition of each of the collectibles on sale in the primary market.

Response: The examiner maintains that whenever collectibles are sold their condition are determined prior to offering of the collectibles. Example, Woolston teaches offering collectible coins, watches, antique pens, sport card etc. (see exemplary categories of collectibles col. 16 L 58-63). The examiner points out that for each category of collectibles one must determine (i.e. predetermine) in order to appraise the collectible and to inform potential purchasers to facilitate the sale of the collectible. Therefore, the examiner has properly stated that determining condition of collectibles is inherently disclosed in Woolston.

Claim 121:

Argument : the appellants argue that Woolston does not teach “maintaining the predetermined condition” .. in a “benign environment”.

Response: Referring to the examiner’s response in claim 120, since Woolston inherently teaches maintaining condition of the collectibles, further methods of keeping collectibles in their predetermined conditions is also inherent because those skilled in the art would recognize that Woolston’s teaching of keeping the collectibles in a storage facility include proper environment so the collectibles can be sold in the market. The examiner, therefore maintains the rejection of claim 121 over Woolston under 103(a).

Claim 123:

Argument: The appellants’ argument that Woolston fails to disclose the claimed invention and that various terms in the claimed are functional limitations.

Response: The examiner has explained the basis for treating the limitations “original purchaser”, “primary market” and “secondary market” as non-functional descriptive material is explained in details with respect to claim 119 for example. Since, no patentable weight is given to non-functional descriptive

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material as per explanation provided under Gulack similar to in light of the stated “non-functional data”, is not persuasive and the rejection over Woolston is proper. It is asserted that the terms “original”, “primary” and “secondary” in the aforementioned limitations do not functionally change the process steps of claims 123. In other words, the process “responding to the sale” and “responding to the resale” does not depend on whether the market is primary or secondary and whether the purchaser is original or not. These non-functional descriptive material cannot render obvious an invention that would have otherwise been obvious. In re Gulack, 703 F.2d 1381, 1385-86, 217 USPQ 401, 404 (Fed. Cir. 1983) (“Where the printed matter is not functionally related to the substrate, the printed matter will not distinguish the invention from the prior art in terms of patentability....[T]he critical question is whether there exists any new and unobvious functional relationship between the printed matter and the substrate.”).

Argument: The appellants argue that Woolston’s “for sale” and “sold” database does not disclose the record of “original purchaser” and record of “subsequent purchaser”

Response: This argument is not persuasive because this database accounts for all purchasers who participate in the collectibles market, i.e. purchasers who post their collectibles for the first time and those successful purchasers who place their collectible for resale (see Fig.12. “sold” and “for sale” database, col. 14 L 57-63 because Woolston facilitates reposting of purchased collectibles (see col. 5 L 30-34, the database inherently contains the claimed record of the purchasers).

The applicants argue that Woolston, does not carry out steps a) and b) automatically by a programmed computer.

Response: This argument is not persuasive because there is no such recitation that steps a) and b) are performed automatically. The database of Woolston teaches that the records of “for sale” is created by a (programmed) computer 10. Once the record for a collectible(s) is created as per col. 3 L 53-56, col. 4 L 48-53 for the sale of the collectibles. This step and storing information regarding “reposting” and storing information regarding specific participants who have purchased specific collectibles, explicitly suggests that the entire process of sale and resale are implemented by a programmed computer. Woolston col.5 L 24-54.

Claim 124:

The examiner has provided response under claim 123.

Claims 125-128:

For examiner's response regarding "maintaining the condition of the one condition" please refer to discussion of claim 71 under this topic.

Claim 129:

The appellants' argument that Woolston fails to disclose "encapsulate the one sold collectible" as recited in claim 129 and for explanation refers to claim recitation 115 c). Accordingly, the examiner refer to claim 115 c) for response to this argument.

Claim 130:

The appellants' argument that Woolston does not disclose "encapsulation" of the purchased collectible is not persuasive because collectibles are valuables and subject to damage or deterioration while being shipped and therefore "encapsulation" is inherent in Woolston.

The examiner asserts that the rejection of the pending claims 34-38, 41, 43-48 and 59-60, 62-101 and 110-141 is proper.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

/JAGDISH N PATEL/

Primary Examiner, Art Unit 3693

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